

# THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines  
ISSUED BY STATE BOARD OF ACCOUNTS

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Volume 162

June 2003

## ITEMS TO REMEMBER

### JUNE

June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)

Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of *The School Administrator and Uniform Compliance Guidelines*.≡)

June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

### JULY

July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)

July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of *The School Administrator and Uniform Compliance Guidelines*.≡)

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 162, Page 2**

**June 2003**

July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

**AUGUST**

Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.

Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, one time in accordance with IC 5-3-1-1 et seq.

Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, AThe School Administrator and Uniform Compliance Guidelines.≡)

Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)

NOTE: See the September AThe School Administrator and Uniform Compliance Guidelines≡ for budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 162, Page 3**

**June 2003**

**GENERAL OBLIGATION BONDS**

The procedures for the accounting of the proceeds of the sale of a general obligation bond issue and the investment and use of same are somewhat complicated and require reference to several laws. Our article will be limited to the subject of bond issues for school construction as authorized by IC 20-5-4.

When bonds are sold, the amount of principal (face value) received shall be receipted to a Construction Fund in Receipt Account Number 5110 and deposited in a designated depository for necessary expenditure. The amount then (if desired) may be invested (please ensure arbitrage problems do not exist). Any premium on the sale or accrued interest (interest earned from date of issue or most recent prior interest payment date to the date of sale) must be receipted to the Debt Service Fund in Receipt Account Number 5120 (IC 5-1-12-2). Please do not confuse "accrued interest" with "interest earned from investment of the proceeds of the sale". Investment of the proceeds must be in accordance with the investment law as found in IC 5-13-9. Interest earned from investment of the proceeds shall be receipted to Receipt Account Number 1510 of the Construction Fund or, if the governing board so designates, to the General Fund or Debt Service Fund (IC 5-13-9-6)

When securities are purchased as an investment of Construction Fund moneys, the check is recorded in Expenditure Account Number 43300 of the Construction Fund. The amount of the check is included in the total expenditures for the day which is posted to the appropriation Control Account, the Construction Fund, and the Control of All Funds in the Fund Ledger. The amount invested or the cost of securities purchased is also entered in the Clearing Account for Investments (Account Number 850) on the Receipts-Purchase of Investments (Number 851) side to retain the identify of the asset and maintain the balance in your accounting records. Also set up a Register of Investments (Form 350) to provide a record of the investments and their earnings for the Fund from which the investment was made (Construction Fund).

If interest is received while the security is held by the school corporation, record the amount on the Register of Investments on the same line as the investment is recorded; also, receipt the interest to Receipt Account Number 1510 of the Construction Fund (or General Fund or Debt Service Fund, if designated). Post the interest to the Fund and the Control of All Funds. Deposit the interest in the designated depository.

When the investment is sold or matures, receipt the sale price to the Construction Fund and to the Control of All Funds. Record in the receipt account for the Construction Fund the purchase price of the security in Account Number 7130, Sale of Securities, and any amount received in excess of the purchase price to Account Number 1500, Earnings on Investments. Also, disburse from Clearing Account 850 by entering on the disbursements side. Sale of Investments (Number 852) an amount equal to the purchase price of the security previously entered in Number 851 which will reduce the balance for the overall investment transaction in the Clearing Account to zero. Record the sale on the Register of Investments on the same line as the purchase was recorded. Any amount received in excess of the purchase price will be recorded on the Register of Investments as interest received.

**INDIANA SALES TAX**

Please visit the Department of Revenue site at [www.in.gov/dor/publications/bulletin/index.html](http://www.in.gov/dor/publications/bulletin/index.html) for information pertaining to numerous items of interest to school corporations, including, but not limited to Sales Tax, Bulletins 4 and 32. Any questions concerning the information included therein should be directed to the Department of State Revenue.

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 162, Page 4**

**June 2003**

**SELF-INSURANCE FUND – ACCOUNTING**

IC 21-2-5.6-2 states "The self-insurance fund may be used to provide monies for the following purposes: (1) the payment of any judgment rendered against the school corporation, or rendered against any officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal); (2) the payment of any claim or settlement for which the school corporation is liable pursuant to IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal); (3) the payment of any premium, management fee, claim, or settlement for which the school corporation is liable pursuant to any federal or state statute including but not limited to payments pursuant to IC 22-3 and IC 22-4; or (4) the payment of any settlement or claim for which insurance coverage is permitted under IC 20-5-2-2(14)e."

**Sources of fund**

IC 21-2-5.6-3 states "This section applies to self-insurance funds permitted to be established under section 1(1) of this chapter and self-insurance funds required to be established under section 1(2) of this chapter. Subject to the approval of the commissioner of the department of insurance, the governing body of the school corporation is authorized to: (1) transfer to the self-insurance fund an amount of money in: (A) the general fund budget and (B) the general fund tax levy and rate; (2) transfer monies from the general fund to the self-insurance fund; or (3) appropriate monies from the general fund for the self-insurance fund."

If a school corporation desires to appropriate funds in the general fund for the transfer to a self-insurance fund, the funds should be budgeted in account 43120.

If a school corporation desires to fund transfers with the general fund tax levy and rate, but not appropriate the CPF transfers in the general fund, the amount of the transfer should be included on line 11 (Operating Balance Allocation for Future Projects or Bus Replacement Allocations (Excess Funds), in excess of funds on the ESTIMATE OF FUNDS TO BE RAISED portion of the budget submission.

The funds, in either case, would be recorded in the general fund as a transfer out (43120) and recognized in the self-insurance fund as a transfer in (9000).

Please note self-insurance funds are to be in the custody, control and responsibility of the school corporation treasurer in accordance with IC 20-5-3-1. Accordingly, Fund Number 110 has been designated to account for all self-insurance funds. Authorized expenditures should be made in the same manner as other school corporation expenditures (see "The School Administrator", Volume 161).

**APPLICATION FOR FREE OR REDUCED PRICE MEALS AND OTHER BENEFITS,  
SCHOOL FORM 521, (Revised 2003); APPLICATION FOR FREE MILK AND OTHER BENEFITS,  
SCHOOL FORM NO. 522, (Revised 2003)**

The Application for Free or Reduced Price Meals and Other Benefits, School Form Number 521 and School Form Number 522, Application for Free Milk and Other Benefits have been revised by the Indiana Department of Education, Division of School and Community Nutrition Programs.

**GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 34**

Governmental Accounting Standards Board (GASB) Statement 34 results in changes in financial reporting requirements for School Corporations. GASB 34 reemphasizes the role of the management of School Corporations in determining the content of their financial statements. Applicable aspects of GASB 34 will be incorporated into audit reports effective for the audit period July 1, 2001, to June 30, 2003, beginning in the fall of 2003 by the State Board of Accounts.

GASB 34 requirements for the financial statements will be derived, as in the past, from your financial reporting (Form 9) to the Department of Education. Minimum required reporting includes basic financial statements including government wide financial statements (governmental and proprietary funds), notes to the financial statements and major fund financial statements. The General Fund is always considered a major fund. The School Transportation, School Bus Replacement Fund, Capital Projects and Debt Service Funds, as well as any other funds necessary, will be included in the financial statements at the time of audit. Additional funds could be included as major funds (but is not required) if desired by the School Corporation. The School Corporation would then be required to detail and compile the information in a timely manner as mentioned below.

GASB 34 includes certain items under the caption Required Supplementary Information (RSI) such as management discussion and analysis, within certain restrictions and parameters, a comparison schedule of budget to actual disbursements, etc. However, an explanatory paragraph in the auditors report may be included in lieu of these items. The explanatory paragraph will not be a qualification of the opinion.

A comparison schedule of budget to actual disbursements, general and each major special revenue fund, could be included if desired by the School Corporation. The School Corporation would then be required to detail and compile the information in a timely manner as mentioned below.

Additionally, concerning the management discussion and analysis, the School Corporation again would then be required to detail and compile the information covering, and limited to, the eight requirements as outlined in paragraph 11 of GASB 34 in a timely manner as mentioned below.

Please call the State Board of Accounts at 317-232-2520 if your School Corporation wishes to devote School Corporation time, personnel and resources to prepare additional information for the report. We will then provide you with the steps and procedures that would be required to be completed by School Corporation personnel. RSI mentioned above could be included if you desire (but is not required), but for facilitating compilation, you would need to communicate to us by September 1 of each audit cycle. Otherwise, as discussed in Volume 149 of The School Administrator and Uniform Compliance Guidelines, March 2000, we anticipate that the work that you have already done with your financial reporting (Form 9) would be sufficient without requiring additional resources of the School Corporation to be used.

We have discussed general provisions of GASB 34 at School Corporation training meetings and we plan to continue the dialogue at future meetings.